
PRELIMINARY DRAFT
No. 3266

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2006 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 6-1.1-12-17.9; IC 32-38.

Synopsis: Revocable trusts. Provides that a trust is entitled to certain property tax deductions for real property owned by the trust if the property is occupied by an individual who has a beneficial interest in the trust, is considered to have a life estate in the real property, and otherwise qualifies for the deduction. Provides that the trustee of a trust to which an interest in real property is transferred is considered the insured owner under a title insurance policy issued for the interest in real property if the transfer meets certain conditions.

Effective: July 1, 2006.



A BILL FOR AN ACT to amend the Indiana Code concerning trusts and fiduciaries.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-12-17.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 17.9. A trust is entitled to a deduction under section 9, 11, 13, 14, 16, or 17.4 of this chapter for real property owned by the trust and occupied by an individual if the county auditor determines that the individual:**

(1) upon verification in the body of the deed or otherwise, has a beneficial interest in the trust;

(2) otherwise qualifies for the deduction; and

(3) would be considered the owner of the real property under IC 6-1.1-1-9(f).

SECTION 2. IC 32-38 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

ARTICLE 38. TITLE INSURANCE AND TRANSFERS TO CERTAIN TRUSTS

Chapter 1. Application

Sec. 1. This article applies to a policy or commitment issued after June 30, 2006.

Chapter 2. Definitions

Sec. 1. The definitions in IC 27-7-3-2 apply throughout this article.

Sec. 2. "Commitment" means a commitment for title insurance.

Sec. 3. "Estate" has the meaning set forth in IC 29-1-1-3.

Sec. 4. "Named insured owner" means the person identified in a policy or commitment as the insured owner or the proposed insured owner of an interest in real property that is insured or proposed to be insured under the policy or commitment.

Sec. 5. "Personal representative" has the meaning set forth in IC 29-1-1-3.

Sec. 6. "Policy" means a title insurance policy.



1 **Sec. 7. "Power of appointment" means a power of appointment**
 2 **described in IC 32-17-6.**

3 **Sec. 8. "Trust" has the meaning set forth in IC 30-4-1-1.**

4 **Chapter 3. Transfers to Certain Trusts**

5 **Sec. 1. The trustee of a trust is considered to be the insured**
 6 **owner under a policy or commitment that insures or proposes to**
 7 **insure an interest in real property that is transferred to the trust**
 8 **if:**

9 **(1) the transferee of the interest in real property is the trustee**
 10 **of the trust, the trust was established by the named insured**
 11 **owner, and the transferor is the named insured owner;**

12 **(2) the named insured owner reserves the right to amend or**
 13 **revoke the trust during the named insured owner's lifetime;**

14 **(3) the named insured owner is a natural person; and**

15 **(4) the transfer of the interest in real property is made by the**
 16 **named insured owner personally or by:**

17 **(A) the named insured owner's attorney in fact;**

18 **(B) the named insured owner's guardian or other similar**
 19 **person in a guardianship or protective proceeding in which**
 20 **the named insured owner is an incapacitated or a**
 21 **protected person; or**

22 **(C) the personal representative of the deceased named**
 23 **insured owner's estate under the terms and conditions of**
 24 **the named insured owner's last will and testament;**

25 **even if the named insured owner transfers the interest in real**
 26 **property to the trustee described in this section after the effective**
 27 **date of the policy or commitment.**

28 **SECTION 3. [EFFECTIVE JULY 1, 2006] Actions taken before**
 29 **July 1, 2006, that would have been valid under IC 6-1.1-12-17.9, as**
 30 **added by this act, are legalized and validated.**

